

Message Text

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PAGE 01 WARSAW 01523 01 OF 02 031009Z

ACTION OES-06

INFO OCT-01 EUR-12 ISO-00 ABF-01 HEW-04 FS-01 ERDA-05
FEA-01 EB-08 INT-05 OMB-01 TRSE-00 L-03 COME-00 /048 W
-----031041 130675 /12
R 030912Z MAR 77
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC 6848

LIMITED OFFICIAL USE SECTION 1 OF 2 WARSAW 1523

E.O. 11652: N/A
TAGS: OSCI TGEN PL
SUBJ: NEXT SESSION OF U.S. - POLISH JOINT BOARD MEETING, AND
U.S. COUNTERSIGNER SUPPORT

REF: (A) STATE 043459, (B) 76 STATE 261260

SUMMARY: DURING A MARCH 1 MEETING WITH PAWLISZEWSKI, WE OBTAINED PRELIMINARY ACCEPTANCE OF THE U.S. - PROPOSED DATES FOR THE NEXT JOINT BOARD MEETING. THIS TENTATIVE APPROVAL WILL BE CONFIRMED IN A FEW DAYS. WE ALSO HEARD NUMEROUS AND CONFLICTING POLISH ARGUMENTS AGAINST THE APPROVAL OF THE ADMINISTRATIVE SUPPORT FOR THE U.S. COUNTERSIGNER. THE NEED FOR THE INTENDED COUNTERSIGNER SUPPORT IS BECOMING MORE EVIDENT AND URGENT IN VIEW OF THE ACCELERATED IMPLEMENTATION OF THE DAVIES-KRZAK AGREEMENT OF DECEMBER 11, 1976, AND THE ANTICIPATION OF SOON-TO-BE CONSIDERED POLISH-FINANCED JOINT FUND PROJECTS. WE HAVE CONCLUDED THAT THE POLISH ATTITUDE REFLECTS AN UNWILLINGNESS TO ACCEPT OUR PACKAGE AS PROPOSED, AND WE SEE LITTLE PROSPECT OF CHANGING THIS POSITION. WE THEREFORE PROPOSE TO CHANNEL DIRECTLY TO THE COUNTERSIGNER MONIES OBLIGATED FOR ADMINISTRATIVE SUPPORT, A PROCEDURE WHICH THE POLISH JOINT FUND CO-CHAIRMAN WOULD DOUBTLESS ACCEPT. AT THE MARCH 1 DISCUSSIONS PAWLISZEWSKI ALSO CRITICIZED THE USG FOR NOT FULFILLING ITS PLEDGE TO OBLIGATE FULLY U.S. FUNDS FOR THE JOINT FUND SUPPORT. IN ADDITION, HE EXPRESSED

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PAGE 02 WARSAW 01523 01 OF 02 031009Z

GRAVE CONCERN OVER THE DELAYS IN IMPLEMENTING THE ERDA-MINISTRY OF MINING AGREEMENT. THE MINISTRY OF FOREIGN AFFAIRS INTERPRETS THESE DELAYS AS A LOSS OF U.S. INTEREST IN THE FIELD OF COAL RESEARCH AND COOPERATIVE PARTNERSHIPS AND QUESTIONS ERDA'S STRATEGY AND MOTIVATIONS. END SUMMARY.

1. ON MARCH 1, THE DCM AND THE SCIATT CALLED ON JOINT FUND CO-

CHAIRMAN PAWLISZEWSKI TO DISCUSS THE OUTSTANDING ISSUE OF THE ADMINISTRATIVE SUPPORT FOR THE U.S. COUNTERSIGNER.

2. TAKING THE U.S. PROPOSED DATES OF APRIL 27 THROUGH 29 (REF A) FOR THE JOINT BOARD MEETING AS A POINT OF DEPARTURE, WE EXPRESSED CONCERN THAT THE POLISH SIDE HAD NOT RESPONDED TO REPEATED EMBASSY REQUESTS FOR A PRE-MEETING AGREEMENT TO THE USE OF THE 3,000,000 ZLOTYS FROM THE U.S. CONTRIBUTION FOR COUNTERSIGNER ADMINISTRATIVE SUPPORT. WE ARGUED THAT THE DELAYED JOINT BOARD MEETING AND THE STEPPED-UP OPERATIONS INVOLVING THE JOINT FUND PROJECTS REQUIRED AN EARLY RESOLUTION OF THIS ISSUE IN THE INTEREST OF EFFECTIVE MANAGEMENT, AS WELL AS TO SPARE THE FULL JOINT BOARD FROM DETAILED DISCUSSION OF THIS SUBJECT.

3. CALLING THE COUNTERSIGNER SUPPORT A SUBSIDIARY ISSUE WHICH DOES NOT AFFECT THE FUNCTIONING OF THE JOINT FUND, PAWLISZEWSKI SAID HE WAS NOT COMPETENT TO WORK OUT AN ARRANGEMENT OUTSIDE OF THE JOINT BOARD CONTEXT. HE SAID THE URGENCY WITH WHICH WE PRESSED THIS ISSUE WAS INCONSISTENT WITH OUR UNWILLINGNESS TO HOLD THE MEETING OF THE FULL JOINT BOARD IN JANUARY OR FEBRUARY. ALSO, THE U.S. PLEDGE TO OBLIGATE THE FULL AMOUNT OF APPROXIMATELY 581,000,000 ZLOTYS IN THE JOINT FUND BEFORE DECEMBER 31, 1976, WAS UNFULFILLED.

4. ON THIS LAST POINT, WE REPLIED THAT THE USG MADE A CLEAR DISTINCTION BETWEEN OBLIGATION OF THE SFCP APPROPRIATIONS AND DEPOSIT OF U.S.-OWNED ZLOTYS IN THE JOINT FUND. IN ANY EVENT, U.S. AGENCIES HAD OBLIGATED THE ENTIRE 581,000,000 ZLOTYS BEFORE THEIR OBLIGATIONAL AUTHORITY ENDED ON DECEMBER 31, 1976.
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PAGE 03 WARSAW 01523 01 OF 02 031009Z

WE REMINDED PAWLISZEWSKI THAT LAST OCTOBER WE ESTABLISHED THAT THERE WAS NO DEADLINE FOR DEPOSITING U.S. FUNDS, AND WE STRESSED THAT THE DEADLINE RESULTING FROM THE DROPPING OF THE EXCESS-CURRENCY DESIGNATION FOR POLAND ON DECEMBER 31, 1976, WAS RELATED SOLELY TO THE OBLIGATION OF FUNDS BY USG AGENCIES. EVERY EFFORT IS NOW BEING MADE TO DEPOSIT ALL U.S. AMOUNTS IN THE JOINT FUND ASSOON AS POSSIBLE.

5. PAWLISZEWSKI PROMISED TO INFORM US SOON OF THE ACCEPTABILITY OF THE U.S. PROPOSED DATES FOR THE JOINT BOARD MEETING. HE REPEATEDLY COMPLAINED ABOUT THE FURTHER DELAY AND RELATED IT TO THE BRIEF HISTORY OF THE JOINT FUND, WHICH, HE SAID, WAS REplete WITH POLISH CONCESSIONS TO UNILATERAL DEMANDS AND PRESSURE FROM THE U.S. SIDE. HE DEPLORED THE "STEADY EROSION" OF THE SPIRIT AND THE LETTER OF THE OCTOBER, 1974, AGREEMENT.

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PAGE 01 WARSAW 01523 02 OF 02 031017Z

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FEA-01 EB-08 INT-05 OMB-01 TRSE-00 L-03 COME-00 /048 W
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LIMITED OFFICIAL USE SECTION 2 OF 2 WARSAW 1523

6. RETURNING TO THE COUNTERSIGNER SUPPORT ISSUE, PAWLISZEWSKI FIRST SAID HE LACKED LEGAL COMPETENCE TO COMMIT THE GOP. HE LATER ADMITTED THE POLISH SIDE HOLDS FUNDAMENTALLY DIFFERENT VIEWS FROM OUR CONCERNING THE NATURE OF THE ADMINISTRATIVE EXPENSES. WHEN ASKED TO SPELL OUT THESE DIFFERENCES, HE SAID HE WAS NOT IN A POSITION TO GIVE US ADVANCE INFORMATION CONCERNING THE POLISH OBJECTIONS TO THE COST ESTIMATE WITH WHICH WE PRESENTED HIM LAST OCTOBER. AS THE CONVERSATION DEVELOPED, HOWEVER, HE REVEALED THAT THE POLISH SIDE:

(A) CONSIDERED THE ADMINISTRATIVE EXPENSES UNNECESSARY AND EXCESSIVE;

(B) OBJECTED TO THE PURCHASE OF AN AUTOMOBILE;

(C) FAVORED THE TRANSFER OF VISITOR-RELATED RESPONSIBILITIES FROM THE OFFICE OF THE COUNTERSIGNER TO THE INDIVIDUAL POLISH INSTITUTIONS;

(D) REGARDED THE JOINT FUND-RELATED ACTIVITY AS ONLY A SMALL ADJUNCT TO THE LARGER EFFORT FINANCED BY PL-480 FUNDS, AND HENCE NOT REQUIRING ADDITIONAL RESOURCES FOR JOINT FUND PROJECT SUPPORT;

(E) WAS BOUND BY CERTAIN (UNSPECIFIED) POLISH LAWS AND REGULATIONS WHICH DO NOT PERMIT THE GRANTING OF THIS PACKAGE.

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PAGE 02 WARSAW 01523 02 OF 02 031017Z

7. AT THE CONCLUSION OF THE MEETING, PAWLISZEWSKI SAID HE WAS WILLING TO DISCUSS THE ISSUE AT A PRE-JOINT BOARD MEETING IN

ORDER TO ACCOMMODATE OUR WISH FOR FURTHER DEFINITION OF OUR DIFFERENCES. HE OFFERED LITTLE HOPE THAT THE POLES WOULD AGREE TO OUR ADMIN PACKAGE, HOWEVER.

8. COMMENT: OUR EXPLANATION OF THE DISTINCTION WE MAKE BETWEEN OBLIGATION AND DEPOSIT LEFT PAWLISZEWSKI CLEARLY UNCONVINCED OF OUR INTENTIONS TOWARD THE JOINT FUND. WE WOULD THEREFORE APPRECIATE SOME TALKING POINTS DESIGNED TO REASSURE HIM ON THIS SUBJECT. AS FOR THE ADMINISTRATIVE PACKAGE, WE SUGGEST THE DEPARTMENT GIVE CONSIDERATION TO AN ARRANGEMENT THAT WOULD RELEASE DIRECTLY TO THE COUNTERSIGNER THE 3,000,000 ZLOTYS OBLIGATED IN THE INDIVIDUAL PROJECTS FOR THE ADMINISTRATIVE EXPENSES. THIS SUM WOULD BE HELD IN A SEPARATE BANK ACCOUNT WHICH THE COUNTERSIGNER WOULD ADMINISTER. PAWLISZEWSKI TOLD US HE SAW NO PROBLEM WITH THIS SOLUTION FROM THE POLISH SIDE. THERE MIGHT BE LEGAL OR OTHER REASONS WHY THIS SOLUTION MIGHT NOT BE FEASIBLE FROM THE U.S. POINT OF VIEW, BUT IN THE ABSENCE OF IT OR SOME OTHER SCHEME THAT WOULD DEAL WITH THE POLISH OBJECTIONS TO OUR PRESENT PROPOSALS, WE FEAR WE ARE HEADED FOR AN IMPASSE. END COMMENT.
DAVIES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: JOINT VENTURES, COMMITTEES, PLANNING MEETINGS
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977WARSAW01523
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770073-0268
Format: TEL
From: WARSAW
Handling Restrictions: n/a
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Office: ACTION OES
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
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Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 43459, 76 STATE 261260
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Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3213267
Secure: OPEN
Status: NATIVE
Subject: NEXT SESSION OF U.S. - POLISH JOINT BOARD MEETING, AND U.S. COUNTERSIGNER SUPPORT
TAGS: OSCI, TGEN, PL
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1bf437be-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009